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# THE JOURNAL OF PHILOSOPHY PSYCHOLOGY AND SCIENTIFIC METHODS

## SCOPE, METHOD, AND PSYCHOLOGY IN ECONOMICS<sup>1</sup>

IT is probably true that the last word in economics will be said only after the last work has been done in philosophy or in psychology or in both. Equally clearly, however, must a finished philosophy or psychology await the completion and perfection not only of economic science, but of pretty much all science at large. Another thing, however, is it to say that any science must postpone its beginnings until some other or all others shall have achieved perfection. It seems indeed certain that, if there can be no political economy till all the issues of psychology are settled, there can never be any political economy at all.

But it is none the less unfortunate that the economists themselves give no promise of arriving at even a factual and descriptive statement of what their central problem or concept objectively is. No matter how modest as aspiration or simple as task the thing on the face of it may appear to be, it yet is indefinitely far withdrawn from immediate prospect. Not often, in truth, does any economist succeed in so far arriving at peace with himself as to avoid confusions of the relational with the non-relational meanings of *value*. Instead, his usage is prone to range through all the various steps and varieties of meaning—from utility, through marginal utility, subjective appraisal and comparative appraisal—and reaches its farther terminal in the objective fact of exchange relations as expressed in the market and made concrete in price. It does not then lie with any economist to complain that in other fields of thought in which the same term is domesticated the same confusions appear. To economics can belong neither the exclusive use of the term nor the exclusive exploitation of its confusions. It is, however, mainly at the charge of the economists that ethical values and

<sup>1</sup> Henry Waldgrave Stuart, "Phases of the Economic Interest" in *Creative Intelligence*, pp. 283–313. New York: Henry Holt and Co., 1917. Warner Fite, "Moral Valuations and Economic Laws," in this JOURNAL, Vol. XIV., p. 5. J. Viner, "Some Problems of Logical Method in Political Economy," in *Journal of Political Economy*, Vol. XXV., No. 3, March, 1917.

esthetic values and nutritive values are constantly asserted to be at one in ultimate principle with economic values. Clear thinking requires that merit be held clearly distinct from comparative merit, that things be recognized not only as beautiful, but as beautiful in varying degrees, that foods be thought of not solely as all nourishing, but as more or less nourishing relatively to one another. If, then, it be the economist's problem to explain the objective *relations* of exchange between things, and if these relations receive expression as economic *values*, and if also a technical term should mean always not more than one thing and always the same thing, it should follow that only in the sense of desire or approval or hunger, utility or worth or appraisal, or emphasis or significance, can the value phenomenon offer common ground between economics on the one side and ethics or esthetics or dietetics on the other. These other sciences may, for their purposes, spread the term *value* over any or all of their non-comparative data, or may even, if it so please them, remain in perpetual flux between notions of merit and of relative merit, between ugliness separately considered and ugliness regarded comparatively, or between digestibility viewed as an absolute chemical fact and viewed as merely the expression of the relative ease of digestibility of different foods. But if value is to mean to the economist merely relations of exchangeability, it should mean solely and always this one thing, connoting always the idea of rate or ratio; or, if this be overmuch to ask of frail human thought, the term *price* should be substituted for *value* wherever the objective facts of the relations of goods in the market are to be expressed. This would mean the abandonment of the term *value* to the uses of the other sciences to make whatever best they should be able out of its various vaguenesses.

Little, however, of this protest or aspiration or admonition can rightly refer to Professor H. W. Stuart's admirable and suggestive "Phases of the Economic Interest." While his essential problem is formulated as the process of *valuation*, value is to be understood as connoting with him what the economists have in recent years been fairly well agreed in calling *utility*. His purpose is to render an adequate account of the psychology of desire: Why do we want particular things? On what basis do goods attract us in such fashion that they come to be desired by us as objects between which selection must take place and choice be declared?

Note that the problem is, therefore, not precisely the psychology of *choice*, the way in which we relate things to one another in the making of our purchases, but rather the way in which they come to be objects of desire for us in such sort that we may relate them and select or choose among them. It is thus that, in Professor Stuart's

view, the field of economics widens, in this aspect of it, to include not merely desires for food, clothing, and shelter, but all aspects of esthetic and ethical appreciation. It follows that he allows short shrift to all varieties of hedonism as purporting to offer an account of the actual process of desiring. Doubtless one may desire those things on the control of which in his experience certain advantages have been found to depend, though even here, perhaps, the fact that the advantage achieved—that he turned out to like what he got—leaves the attendant satisfaction not so much explaining the desire as the existence of the desire explaining the satisfaction. But in any case, the quest of pleasure or even of gratification is no adequate account of human desires and strivings. Not only is much of our desiring instinctive or habitual or impulsive rather than reflective or calculative, but these desires are themselves undergoing development; each one of us, therefore, is always in the process of becoming, for the purposes under examination, a new man, the desire itself undergoing modification by the very fact that during the process in which we are relating desires and are thus arriving at selection and choice between them, the opposing terms of the choice achieve new definition and new meanings.

It is, therefore, the process of "constructive comparison" to which Professor Stuart calls especial attention. The choice between alternative purchasable things may involve—in some measure, I suppose, always does involve—"alternatively possible systems of life and action. . . . Each system may be criticized and interpreted from the standpoint of the other, each may be supplemented by suggestion, by dictate of tradition, and by impulsive prompting, by inference and by conjecture. Finally in experimental fashion an election must be made" (p. 348)—with possible further modifications of the desires involved and of their relations to one another.

And more than this: among our different desires—the different interests by virtue of which we act and in the furtherance of which we make these constructive comparisons leading to choice—must be included our desire to become men of new levels of desire and of interest; else why try to learn to like olives, or spend so great efforts to become interested in music or in art, or to form new acquaintances or friends? Facts of this sort illustrate the larger generalization that human beings desire *novelty*, something of which past experience can not in any ordinary sense have discovered the advantage or fixed the desire—desires for something that, never having known, we can not have enjoyed—the new, the untried, the unexpected. "But the *impasse* is conceptual only;" we do know the new things to the extent of knowing them in this aspect of their newness. In any other aspect they are indeed unknown. But still we know that,

among the things that have been known only in this aspect of newness and strangeness, many have later achieved significance for us—the more, perhaps, that they were new and strange. Thus novelty comes to be desired in its own right. The aspiration to be different men, to achieve a new plane of interests or of ethical or esthetic standards, is merely one expression of the fact that we are human beings in an unfolding process, and that the inexperienced falls within our range of desires.

Nothing of this need arouse protest. For my own part I accept it all, insisting solely that clarity of economic analysis becomes impossible if we have to regard as *values* the items between which choice must be declared—if, for example, it is to be asserted that “we have not chosen the new because its value, as set beforehand, measured more than the value of the old, . . . the old . . . worth less” (p. 348); and emphasizing also what seems to me the obvious truth that “there are apparently no valid objections to this view to be drawn from the logical type of marginal utility analysis” (p. 349). Nor, under similar reservations, need there be dissent from Professor Stuart’s next and most important position: “The issue finally at stake in any economic problem of constructive comparison is an ethical issue. . . . A price agreed to and paid makes a real transition to another level.” From our dead selves we move to higher—or lower—things. We do not desire anything in separateness from other things, but to go along with them; therefore every choice is measurably a choice between competing systems of living—therefore is ethical in the non-relational sense, a “valuation” of each separate system, the two together providing a basis for that relative valuation fundamental to a declaration of choice between the competing items or systems. There are, then, no choices so trivial as to fail of an ethical aspect, if only we come into the consciousness of all the relations, the reactions, and the implications. Nothing is neutral to him who lives always in the presence and service of God, or is always seriously intent on the direction and meaning of his own development.

Precisely, therefore, because there is no man acting always in economic affairs in strict conformity with egoistic or selfish or hedonistic principles, and because human desires, reaching out toward objective things, contain always or often these admixtures of adventurous or ethical interest as well as of impulse and instinct, the economic analysis which fails to allow for the complexity and variety in human motivation becomes either a gross caricature or a futile abstraction. *Utility*, as the mere expression of desiredness, requires still a new psychology behind it to explain it. The ethical is not to be regarded as distinct from the economic or as antithetical to it, but as inseparably part and parcel of it.

Thus artistic and religious and ethical interests fall within the economic field, else paintings, altar candles, and charity hospitals would have to fall out. A psychology for human beings as they are and as they actually desire and choose is necessary to an economic science which shall report things as they actually take place.

All the foregoing would readily command general acceptance—my own included—if only the authority of another brilliantly capable philosopher and psychologist, Professor Warner Fite, were not—at least in seeming—directly opposed. To Professor Fite whatever is ethical is not economic, or, more precisely, in whatever degree it is ethical in that degree it is not economic. That the phenomena of actual life range at all points between these two opposing extremes or poles amounts almost to saying that there are nowhere any purely economic phenomena, nowhere any facts which, tried by descriptive and concrete tests, the economist can be trusted fully and accurately to report. And all this must be true precisely because men are never, in their economic activities, entirely selfish or ruthless without reserves or limits. In Professor Fite's view, economics is only so far a science—and only dubiously a science at that—as it assumes the consistent selfishness of all economic activity, as it abstracts from all other human interests and motives, not denying their existence, but unable to make anything of them. To that sort of business which is pure business must the business of economics be restricted. So far as any business is something more or less than business at 100 per cent. of purity, it is refractory to economic tests, gets away, escapes, or, if caught, is caught merely to be misinterpreted and misreported.

Thus, while Professor Stuart asserts that all these questionable things are within the economic field, Professor Fite is able to find no economic field excepting on the terms of leaving these disturbing things out. Actually, of course, they are always present. The question for the economist is, therefore, whether to make room for them by seeing them or by not seeing them. I take Professor Fite to hold that only so far as they may be left out—and thus, in truth, not far—can there be any science of economics.

If only the philosophers and psychologists could agree! And so long as they can not or will not, what is there for the economist safely to do? For my own part, I am content to agree with both—in the sense that I prefer a view which dodges these puzzling and complicated issues, committing myself to neither. If this be a running with the hare and a hunting with the hounds I am content, finding nothing else to do short of this deliberate much dodging and brilliantly multiple running. But if nothing can be done with eco-

nomics till all the relevant psychological issues are settled—till the last philosophic word has been said and has been accepted—there must be still 10,000 more years to wait after a first 10,000 years are done. Why, once again, should not psychology wait till we get everything completely and amicably settled in economics? Or physics stand hat off in waiting on chemistry? Or the other way about? Or biology on both? For myself it seems sufficient for immediate purposes—and safe withal, since all the warring schools so far agree—to hold merely that men do desire and do choose. I find it unwise to accept hedonism, but unnecessary to reject it. I am content to forego certain attractive fields of analysis until the scouting squads of these other sciences have made them safe for untechnical wayfarers—the thickets cleared, and all ambushing patrols accounted for. I know it would be far better otherwise—but so it is. Economics, it is true, will never achieve perfection on this basis; but it will never be at all on any other—unless, indeed, there shall be somewhere an economist so near approaching omniscience as to displace within their special fields the authority of the investigators appropriate to them. But a more modest caution would appear to be the more fitting rôle. It is better to swallow no medicine so long as it is a chance if it be not poison. Experience does not always recommend the unknown. If one can manifest no slightest taint of hedonism unless thereby all of his economic reasonings must be declared infect, how shall any one, short of imperative need, dare to take risks with anything either new or old? The fact that any particular view holds the field to-day is the best guaranty that it will have lost it a generation hence. The only view that one could safely tie up with must be some view that is not yet and has never been—something hard to get satisfactory hold of—if, indeed, in any wise it could be discovered. Accepting, therefore, the hazards of the notion that men have desires and of interpreting *utility* to mean nothing more than this mere fact of desiredness by an individual, I find it unnecessary to assume further that all the various influences and all the different processes that lie back of this fact of desire, and that lie back also of all the different desires of different men, are adequately and exhaustively known to me or to any brother economist. Stuart may be right—I suppose that he is—in large part, and as far as he goes, and as subject to later troubles with his brothers of the psychological craft. But I decline to trust these bridges until the structure is better tested, till no man will promptly deny everything else that I think because I do also think some one thing that Professor Stuart thinks. And how can he be sure that he has accounted for all of the things that people, or some people, are interested in, and by which their ways of expenditure are affected? Professor Love-

joy is sure that we are interested in our posthumous selves—not in our destinies in the heaven or the hell whereto we are moving, but in our earthly selves and in our standings and reputations here, where we are not going to be. For do we not aspire to future fame or to kindly recollection? Foolish people we are, some of us, perhaps all of us. Some people, again, are reported to be active in keeping their dead ancestors' ghosts well fed—thus affecting the market demand for current comestibles.

I can assent also to Professor Fite's view that economic laws can have the degree of validity and certainty of laws of the physical sciences only on the assumption that economic phenomena are uncomplicated by choice and agreement. *In this sense of economic law*, "no situation which implies the participation of living human beings can be dominated exclusively by economic law. . . . So far as they move consciously, they are moral agents, so far as they move unconsciously, they are physical facts like any other physical fact; and it is the bare physical fact that lies at the basis of economic law. . . . The opposite of natural law is personal choice or agreement. . . . The economic process is a function not of the world of social consciousness, but of the larger world of social unconsciousness" (pp. 16-17). Only, therefore, when men act, and in the degree that they act, as if they were blind, non-willing, and unmoral items of opaque fact—not necessarily in the strict sense of the word unconscious, but unguided or at least unswerved by the fact of consciousness—is there place or possibility of economic law in Professor Fite's interpretation of the term. But still it is possible that the phenomena of suicides or murders or drunkenness can be generalized and that reasonably accurate forecasts of them may be made without the assumption that the phenomena are, therefore, vacant of consciousness or choice.

But I take it as a fair interpretation of Professor Fite's position to regard such human conduct as conforms to the hedonistic hypothesis, if any such there actually is, or such conduct as is completely selfish and ruthless in its pursuit of gain, as sufficiently approximating the automatic character of an entirely competitive "unconsciousness" as to render this conduct amenable to the methods and adequate to the requirements of economic law.

It will be obvious that our two philosophers need not, and very possibly do not, at all disagree as to the psychology of desire, but only as to the delimitation of the economic field, or possibly also as to the meaning of economic law. In substance it is to the view of Professor Fite that economists will have to turn for whatever comfort there is in the situation. It is precisely this fact that

in the social field we are dealing with the things that we best understand and most intimately know—the field of consciousness and of ethical appraisal and of choice—that makes the subject-matter especially inappropriate to the methods of quantitatively exact scientific law. To some of us it has even appeared that precisely here is the great and significant advantage attaching to what the laboratory science men dub the quasi-sciences as compared with their own so-called exactitudes; we do a little know and understand what we are talking about—men, their motivation, their needs, and their choosings. Residing inside ourselves, with whom we live in partial acquaintance, we are able to inspect the process from the inside. But these men of the physical sciences are always in presence of things that are essentially mysterious. The more cautious of these investigators have come to guard themselves from talking of forces, affinities, attractions, repulsions, energies, causes, or results. They simply report what different things occur and in what simultaneities or sequences—a purely exterior and descriptive statement of objective fact. In a sense, therefore, as Professor Fite insists, there is in all this for the economist both advantage and handicap. We shall never be "scientific," for that very best of reasons that we have no need to be: "Scientific method is irrelevant to the familiar and concrete; as a rule, we reserve it for the more remote and inscrutable. Scientific knowledge is knowledge by simplification; in other words, it stands for relative ignorance . . . For the concrete qualities of a substance the chemist substitutes an atomic structure; for varieties of color the physicist substitutes ratios of vibration of ether; for the relation between color qualities as such the physicist can tell you nothing," and it is to be added that his ether and his atoms are themselves unknowns, mere working guesses or imaginings.

It must result from Professor Fite's position that, while we may generalize even the phenomena in the field of human consciousness and choice, we can not force our phenomena into such categories of law as shall assimilate economics to the methods and laws of the physical sciences. It must be admitted that, if the notion of causation is in place at all in the field of human activities, it must be in the sense of stimulation and response rather than of some deduction from the notion of the conservation of energy. If causation holds in both fields, it holds in different senses and under different interpretations.

But Fite and Stuart are in entire agreement that the most effective method of studying social activities must approach the problems through an examination of the way in which human desires and choices actually proceed—the psychological approach, the method of

study from the interior view rather than by the uncomprehending devices of exterior observation. Doubtless the two methods, the points of view both of the agent and of the observer, as Professor Fite has defined them, are essential. The exterior view may indeed greatly contribute, as witness the services of statistics. And still it must be the interior, the agent, view that furnishes the key for the interpretation of the statistical materials.

But there are other methods aside from the suggested appeal to a purely behavioristic psychology—if psychology of any sort the consistently exterior study of any field of phenomena can possibly be regarded. In truth, it is not essential to economic generalization that any one influence or motivation as over against any other influence, or all influences together as over against any several or any one, be accepted as the organizing principle on which the facts shall be explained or presented. Avoiding the assumption that men are always selfish, that in their economic activities they always act unmorally or calculatingly or consistently or rationally, and avoiding also any methodological abstraction from other influences admitted to be actually or possibly present, we may proceed effectively and in relative security, if only we take it to be true that every man desires and chooses—so far as he sees—to get the greatest possible differential between sacrifice and reward, the most for the least. This is not much more than to assert that, whatever the motives and purposes, each man follows what is for him the line of least resistance or of the strongest pull. “We are concerned with his ends and not with his motives.”<sup>2</sup>

But still we are making the same ultimate assumptions, that men (1) have desires and (2) make choices between those satisfactions that are mutually exclusive, and between the means that are open for the achieving of the particular satisfactions. It seems, indeed, that according to any method of the interior view, the thing could not otherwise be conceived to go on. These two assumptions recommend themselves as presumably safe by the fact that they are nowhere seriously contested.

But still I wonder and am afraid. Why has no one put in issue the fact of choice? or made trouble for us economists about the psychological process of it? After all, are there any choices at all? I recall that it did once appear to me that there are none, in any important sense, and that “even to say that we choose in the direction of the stronger desire is tautology, since choice is merely the fact of the stronger desire.”<sup>3</sup> But I regret this statement as an unfortu-

<sup>2</sup> Viner, *Journal of Political Economy*, p. 248.

<sup>3</sup> From my review of Fetter's *Economic Principles*, *Journal of Political Economy*, Vol. XXIV., No. 4, p. 320.

nate and gratuitous excursion. It seems to me now that choice is something more than the mere emergence and victory of the stronger desire. I am sincerely sorry that I adventured at all into the psychological quagmire. And still the fact is itself important to the present purpose as showing that there is a mess, a problem, an issue, or may some time be one. But if ever there shall be one, and still the psychologists will leave it open to us, we can retire to a position of naïve acceptance of the mere fact of desire. *Utility*, in this sense, will still remain to us. And *marginal utility* is a logical as well as an actual derivative. Dispossessed of choice, we can not accurately have it open to us to compare marginal desirednesses or to set them over against each other for relative appraisal. Instead, they will have to set themselves over; and out of this process of the mutual comparison of themselves, the weaker desire will come to be overcome by the stronger; and to the satisfying of this stronger desire the purchase money in hand will direct itself as outlay; and all again will be as well as may be.

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### THE RELATION OF TRUTH TO TESTS

WITH the exception of the pragmatists, modern philosophers are coming to recognize the necessity for a clear distinction between the definition and the criterion of truth. But too often the recognition is only nominal, and a writer who will use a page or two in explaining the distinction will violate it in the same chapter. There is nothing, I believe, which would aid more greatly in the solution of the truth problem, than an explicit agreement, consistently held to, that what may be said about a criterion of truth may have no influence at all upon its definition, and that a statement regarding the definition or meaning of truth may be entirely out of relation to the criteria by which truth is to be known.

Since the practical aspect of the truth question is to be able to distinguish the true from the false in situations that actually confront us, the pragmatists have naturally fastened their whole attention upon the criterion of truth, and have formulated the definition in terms of the criterion. Thus Professor Dewey says: "Truth is a character which belongs to a meaning so far as tested through action that carries it to successful completion. In this case, to make an idea true is to modify and transform it until it reaches this successful outcome: until it initiates a mode of response which in its issue realizes a claim to be the method of harmonizing the discrepancies